

Don't Let Consumer Fraud Target You



The Arkansas Attorney General's
Guide to Avoiding Scams,
Cons, and Deceptions



In today's era of lightning-fast communication, eye-catching ad images, and flashy television commercials, consumers are sometimes overwhelmed. That's when con artists can spring into action and take advantage of unsuspecting Arkansans.

As your Attorney General, it is my job to put a stop to this. But I need your help to be truly effective. Through educational booklets like this, you can arm yourself with information and take the first step toward avoiding consumer fraud. If you believe you've become a victim of consumer fraud, please contact my office immediately. Together, we'll hold these criminals accountable and make Arkansas a safer place for this generation and those to come.

A handwritten signature in black ink that reads "Mike Beebe". The signature is fluid and cursive, with the first name "Mike" written in a more abbreviated, stylized way.

Mike Beebe

For more information, contact the Consumer Protection Division at 1-800-482-8982 or (501) 682-2341. You can also visit the Attorney General's Web site at www.ag.state.ar. TDD service is available for the hearing-impaired at (501) 682-6073.

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Purpose

The purpose of the Attorney General's Consumer Protection Division is to represent and protect the state, its subdivisions, the legitimate business community, and the general public as consumers.

The Consumer Protection Division...

- **SERVES** as a central coordinating agency for individual consumer complaints;
- **CONDUCTS** investigations and reports on matters affecting the interests of consumers;
- **ACTS** as both advocate and mediator in resolving complaints;
- **PROMOTES** consumer education and principles of fair business practice;
- **INVESTIGATES** violations of consumer protection laws;
- **PROSECUTES** civil cases aggressively on behalf of the public.

Filing a Complaint with the Attorney General's Office

If you are unable to resolve a dispute you have with a business, you may file a complaint by contacting the Consumer Protection Division of the Attorney General's Office. It is helpful to keep these guidelines in mind:

- Your complaint should be in writing. You can obtain the appropriate form either by writing or calling the Consumer Protection Division at 1-800-482-8982 or (501) 682-2341;
- If the Consumer Protection Division determines that your dispute is one that our office can help you with, we will attempt to mediate on your behalf. Otherwise, we will refer you to the appropriate agency that can best be of help;

- In some cases, the Consumer Protection Division may file a lawsuit in state or federal court seeking relief on behalf of consumers. This occurs when there is a compelling public interest present or when many complaints exist against a particular organization. In those situations, we attempt to obtain an injunction prohibiting future violations of Arkansas law, refunds for consumers, and civil penalties up to \$10,000 per violation.

Resolving a Dispute on Your Own

Many disputes can be resolved informally by notifying the company of your complaint. Here are some important tips to remember:

- Present your complaint immediately and clearly to the company;
- Offer a reasonable and specific remedy that will resolve your complaint;
- If you are making the complaint in person, be sure to bring any documentation that will support your position;
- When the complaint is made through written correspondence, be sure to include all relevant information, along with suggested remedies and supporting documentation. However, never send original documents, only copies;
- Be assertive! If you are told by a salesperson or company representative that they cannot deal with your complaint, ask to speak to a supervisor.



Buying a New Car

Buying a new car is a big investment. You want to be sure you're getting a good deal, which is why the Attorney General's Office asks that you read the following information before you agree to a purchase.

The Lemon Law and How It Works

The Arkansas Lemon Law applies to any consumer who buys, leases, or registers a new motor vehicle in Arkansas. The manufacturer, or one of its authorized agents, must provide the buyer with a booklet drafted by our office, which explains your rights and obligations under the Lemon Law.

Do I Have a Lemon?

You may have a "lemon" if:

- The manufacturer or its dealer has made three or more attempts to repair a defect that is a "substantial impairment of the safety, value, or use" of the car;
- The manufacturer or its dealer has made one unsuccessful attempt to repair a defect that is likely to cause death or injury;
- The manufacturer or its dealer has made five or more attempts to repair different problems that, together, substantially impair the use or value of the car;
- Your car has been out of service for a total of thirty days.

When Contemplating Filing a Lemon-Law Claim

- Keep all repair receipts and records;
- Make sure to follow the instructions in the "Consumer's Guide to the Arkansas Lemon Law." If you do not have this guide, please contact our Consumer Protection Division;
- If you have a potential Lemon-Law claim, you must give the manufacturer written notice of the defect and allow the manufacturer one or more chances to repair the defect before requesting arbitration of your claim for a refund or replacement.



Buying a Used Car

Buying a used car is a way to get a good car at a reduced price. However, since the car has had a previous owner, a smart consumer should pay close attention to the history of the car and be aware of the possibility of extra repair expenses.

Buyer's Guide

When purchasing a used car, federal law requires that a used-car dealer post a Buyer's Guide on the window of the car. The purpose of the Buyer's Guide is to tell consumers if the car is sold "as is" (that is, sold with all defects, known or unknown) or if the car comes with a warranty. While an individual who sells a single car is not required to post a Buyer's Guide, dealers who sell six or more cars a year are required to do so by law.

Important Buying Tips

- Check to see if the car comes with a warranty and, if so, what the specific protections are that the dealer or seller will provide. Remember, if you buy a car "as is" and have problems with it, you must pay for any repairs yourself;

- Ask to have the car inspected by an independent mechanic, or arrange an inspection yourself before you agree to a purchase. Contrary to popular myth, neither state nor federal law gives consumers a right to cancel a car purchase;
- Make sure you get any promises made by the dealer or seller in writing (for example, to replace a broken tail light). Verbal promises are difficult to enforce;
- Ask whether or not the dealer or seller offers an extended warranty or service contract. If you decide to purchase a service contract, make sure you understand what it covers and how long it will last;
- Inquire about any prior damage to the car and its repair history. Don't automatically accept the seller's response as accurate. It's always wise to contact the Department of Finance and Administration at 1-900-28TITLE for more information about the car's title history. Currently, there is a \$5.00 charge for the service;
- Always testdrive the vehicle.



Odometer Rollbacks

It is illegal to disconnect, reset, or replace an odometer for the purpose of changing the number of miles on it. Both federal and state laws give protection to consumers who suspect that they have purchased a car with a rolled-back odometer.



What Is the Law?

It is illegal to tamper with an odometer. It is also illegal to sell, use, or advertise any device for tampering with an odometer. Additionally, it is unlawful to operate a vehicle with a disconnected or non-functional odometer with the intent to defraud.

When a vehicle is sold, the seller must give the buyer a written odometer statement disclosing the following information: the vehicle's true mileage at the time of transfer; the date of transfer; the buyer's and seller's names and addresses; the vehicle's make, year, body type; and the vehicle identification number. If the seller knows that the mileage has exceeded the mechanical limit of 99,999 miles, he or she must provide that information to the buyer.

Take Precautions

- Know the reputation of the person or dealer who is selling the car;
- Obtain the odometer mileage statement before completing the transaction;
- Don't fool yourself. A car that is 10-years-old will rarely have less than 100,000 miles on its odometer.

Protecting Your Home

Home-improvement scams are consistently rated one of the top consumer problems in this country.

Currently, Arkansas law does not require residential contractors to be licensed or bonded.

The best way to select a contractor is to ask for recommendations from family or

friends. Also ask for written references from the contractor. Contractors should be able to provide references you can contact to ask about the quality of their work. Always have a written, signed, and properly executed contract before any work is begun on your home or property. In particular, make sure the following information is contained in the contract:

- The name, address, and telephone number of the builder or contractor;
- A complete description of the work to be done and the materials to be used;
- A provision requiring written approval for ANY changes;
- A statement that explains the builder's or contractor's guarantee of the work;
- A starting date and completion date;
- A complete description of the cost of the job, full disclosure of payment terms, and the financing costs;
- Your signature and the contractor's signature.





Before you sign any contract, ask these important questions:

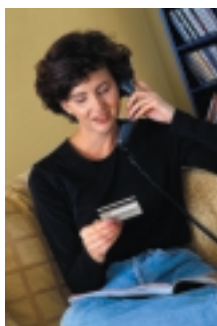
- Does the contractor use licensed electricians and plumbers?
- Does the contractor provide workers' compensation coverage for all workers? Never hire a contractor who does not provide this coverage.
- Can the contractor provide references for you to contact?
- Can you inspect the contractor's prior work?
- Who will be responsible for obtaining required building permits?

Be on the lookout for:

- Out-of-town or unknown contractors or builders;
- Contractors who use the terms "special introductory offer," "for a limited-time offer," or who offer any discount to use your house as a "model home;"
- Contractors who want a contract signed quickly or want to discuss the price of the job later;
- Anyone who uses high-pressure tactics or makes you feel uncomfortable;
- A company that demands that you make full payments before the project is finished.

Home-Solicitation Sales

Though many consumers may not know it, everyone has a three-day window in which to cancel a purchase of over \$25 made as a result of an in-home solicitation. This is known as the “cooling-off” period. The salesperson must orally notify the buyer of the right-to-cancel, along with a written form to sign, stating that notification of the right-to-cancel has been given.



Home-Solicitation Hints:

- Be wary of salespersons saying they are “just taking a survey” or “trying to get rid of extra inventory;”
- Look very closely at deals offering “free gifts” that depend on the purchase of another product or a packaged deal;
- Never let a salesperson into your home unless you have seen proper identification and determined exactly what he or she wants;
- No matter how attractive an offer appears, refrain from making an immediate purchase. It is wise to take a couple of days to consider the actual offer or deal;
- Take the time to compare the salesperson’s price and product with others;
- NEVER BE AFRAID TO SAY, “NO!”

Landlord/Tenant Rights

When leasing or renting property, all parties have certain rights and responsibilities. It is important that you know these on the front end. A lease is a legal contract, and when signing a lease, both the landlord and the tenant undertake certain duties. These duties will be set out in the lease, but generally include the following:

Tenant Duties:

- Pay rent on time;
- Keep the premises clean, including disposing of any garbage;
- Do not deliberately destroy or damage any property;
- Give proper notice when you decide not to renew your lease;
- Surrender the premises at the end of your lease.

Landlord Duties:

- Place the tenant in possession of the property;
- Tenant must not be locked out or prevented from entering or leaving the premises;
- Raise rent only at the end of a formal lease;
- Maintain the surrounding areas in good condition.

Tips to Keep in Mind:

- Always demand a written lease, and read it carefully before signing. Make sure the lease reflects the entire agreement between the landlord and the tenant;
- Keep receipts or canceled checks, records of any damage, lease agreements, and any correspondence with the landlord;
- All property placed on the premises by the tenant is subject to a lien if the landlord is not able to collect past-due rent;
- The landlord must return the security deposit within thirty days after the end of the lease or notify the tenant in writing giving the reasons for keeping any part of the deposit;
- The landlord is not necessarily responsible for repairs. The lease will determine who is obligated for repairs. Make sure you check the contract for information on this issue. If the lease is silent on the issue, then it is probably the tenant's responsibility. Be sure to discuss this with the landlord before you sign the lease.

Telephone-and Mail-Order Purchases

When Shopping by Mail or Telephone:

- Comparison shop to make sure that you are getting the best deal possible. You may first want to survey local retail stores and other mail-order companies;
- Before ordering by phone or mail, consider any previous experience with the company and its general reputation. Make sure you know the company's refunding-and-return policies, the product's availability, and the total cost of your order;
- Never send cash! Only send a check or money order. When purchasing a product by phone, give your credit-card number only to companies that you know to be reputable;
- Keep a copy of your order form or a record of your phone conversation;
- If you find a billing error on your monthly credit-or charge-card statement, you may dispute the charge and withhold payment of the disputed amount during the dispute period. You must notify your credit-card company *in writing* when disputing a charge.



Unordered Merchandise

- If you receive unsolicited merchandise in the mail, you may consider it a free gift;
- You have no obligation to return the merchandise or to respond to any bills for the merchandise. However, you may want to write a letter to the sender explaining your position. Be sure to keep a copy of your correspondence.

Nuisance Telemarketing

Receiving telephone solicitations at your home can be a nuisance and an invasion of privacy. However, you are not helpless in putting a stop to these annoying and sometimes fraudulent marketing calls.

Arkansas “Do Not Call” List

The Attorney General’s Office maintains a statewide “Do Not Call” list containing phone numbers that telemarketing companies are prohibited from calling. You can have your name added to this list for an initial fee of \$5 per telephone number, which pays the cost of maintaining the list. After the first year, you can renew the service for \$5 per year. In July 2003, the Federal Trade Commission began a federal “Do Not Call” list that prevents telemarketers that make interstate calls from calling those consumers included on their list. There is no fee for signing up on the federal list.

Registration forms for the Arkansas “Do Not Call” list are available from the Attorney General’s Office or you can sign up on our Web site at www.DoNotCall.org. If you have any questions about the Arkansas “Do Not Call” list or the FTC “Do Not Call” list, call toll-free at 1-877-866-8225 or you may obtain additional information on the FTC list at www.ftc.gov.

Caller-Identification Systems

Caller-ID systems are used by thousands of people to screen their calls, including those from telemarketers. However, some telemarketers bypass this method of screening by hiding their identities from the Caller-ID system. This practice is illegal in Arkansas. If you receive a telemarketing call from a caller whose identity is blocked on your Caller-ID system, report this to the Attorney General’s Office.

Federal “Do Not Call” Rules

Federal law prohibits telemarketers from calling between 9 p.m. and 8 a.m. and requires them to maintain a company “Do Not Call” list. When you receive a call from a telemarketer, it is your right to request your number be placed on their Do Not Call list. Be sure to keep a record of each company whose list you have asked to join. If the same company calls you again within 12 months of your initial request, report the company to the Attorney General’s Office.

Direct Marketing Association

Another way to curb calls to your home is to register with the Direct Marketing Association, which maintains its own list of consumers who do not wish to be called. You can write them at the address below and request your name be taken off the phone lists of its members.

Direct Marketing Association

PO Box 9014

Farmingdale, NY 11735

And Remember...

Every year, phone scams cost consumers billions of dollars. Be careful when accepting offers, sending money, or giving out personal information over the phone. And if you ever suspect a scam, call our office immediately.

Travel Packages

If you’ve ever been tempted to sign up to win a “free” vacation, you might want to think again. Each year, more and more consumers fall victim to infamous travel scams that are rarely “free.” While some travel opportunities sold over the phone or offered through the mail are legitimate, many are really scams that defraud consumers out of millions of dollars each year.

An Offer You SHOULD Refuse

In many instances, the word “offer” is a clue to hidden charges. When you get the phone call, or place the call in response to a postcard, letter, fax, or Internet ad, you also get



a sales pitch for a supposed luxury trip. The salesperson may ask for your credit-card number to bill your account for the travel package. Once you pay, you receive the “package,” which usually includes instructions for making trip reservation requests. Your request often must be accompanied by yet another fee. And once you’ve paid that...yes, you guessed it, more fees. See a pattern developing?

Impossible Deals That Are Impossible to Deliver

Fraudulent telemarketers who sell travel packages use a variety of methods to get your money, but most involve making promises of deals that can’t possibly be delivered.

- High-Pressure/Time-Pressure Tactics – Scam operators often say they need your commitment to buy immediately or that the offer won’t be available much longer.
- “Affordable” Offers – Unlike telemarketers, who persuade people to spend thousands of dollars on investment schemes, fraudulent travel telemarketers usually pitch club memberships or vacation offers in a lower price range.
- Contradictory Follow-up Material – Some companies agree to send written confirmation of your agreement. However, it usually looks nothing like the offer you accepted over the phone.

In most cases, the “free” or “bargain-priced” trip you’ve “won” ends up being full of hidden charges or conditions. When looking for a travel package, it’s best to stay away from contests or giveaways, and stick with a credible travel agent.

Credit-Repair Scams

It's very easy to develop a poor credit history. Credit-repair scam artists know this, and they prey on unsuspecting consumers' desperation by promising to restore their good credit.

Don't Get Hooked by Their Lines

Credit-repair scam artists frequently claim they can work miracles, such as “erasing bad credit! 100% guaranteed” or by providing a “fast and easy way to get rid of bad-credit history.” They charge from \$50 to \$1,000 to “fix” a credit report. Usually, companies that advertise such wonders will take your money and do little or nothing to actually fix your credit.

How to Protect Yourself

- Know in advance that there are no easy or quick ways to repair an accurate, but negative, credit history. Only time can repair it.
- Before paying any money, contact the Attorney General's Office or the Better Business Bureau to see if any complaints have been lodged against the company.
- Be wary of a company that asks for money in advance to restore your credit.

Other Credit Scams:

- Credit Protection Services—These agencies charge consumers for credit-reporting information that, in many instances, is already available for free.
- Guaranteed Offers for Gold or Platinum Cards—These offers promise to build your credit rating, even if you have bad credit. These cards can be used only when purchasing items from the company's catalogue.
- Checking Account Debit Scams—In these scams, a con artist contacts the consumer and reports fraudulent activity involving the consumer's bank account. The con artist then asks for the consumer's checking-account number for verification purposes, which inevitably leads to an unauthorized electronic bank draft from that checking account.



Your Credit Rights

Several national credit-reporting agencies maintain credit histories, which are available to potential creditors. The Federal Fair Credit Reporting Act assures that:

- You have the right to know what is contained in your credit file. If you have been denied credit, employment, or insurance within the last 30 days, the credit bureau *must* show you your complete file, free-of-charge. If no request for your file has been made or fulfilled, you can obtain your credit file for a nominal fee.
- Your credit report can be shown to those who need such information for insurance or employment applications.
- Most information in your file can only be reported for seven years. However, bankruptcies remain on your credit report for up to 10 years.
- If you inform the credit bureau of inaccurate information in your file, the information must be investigated, errors must be corrected, and prospective creditors who received the incorrect information must be advised of the changes.
- If there is any dispute about information in your file that cannot be resolved, you are entitled to have a 100-word statement, indicating your version of the dispute, placed in the file for future credit reports.

Fair Debt Collection Practices

People give several reasons for failing to meet their credit obligations, ranging from over-extension of finances to unemployment and illness. Whatever the reason, everyone is protected by the federal Fair Debt Collection Practices Act, which protects consumers from being harassed by debt collectors over personal, family, and household debts, which include money owed for the purchase of an automobile, for medical care, or for charge accounts.



Limitations on Contacting the Consumer

- Debt collectors may only contact consumers between the hours of 8 a.m. and 9 p.m.
- A person may notify a debt collector in writing if he or she does not want any further contact with the collector. Once this notice has been received, the debt collector must stop all communications, except to notify the person that a specific action will be taken.

Can Debt Collectors Tell Someone Else about Your Debt?

No! A debt collector can discuss your debt only with your attorney, a credit bureau, the creditor, and the creditor's lawyer. However, the debt collector can contact other people to find out where the debtor lives or works.

What Debt-Collection Practices Are Forbidden?

- Debt collectors may not harass, intimidate, threaten, or embarrass you.
- Debt collectors may not make false or misleading statements, such as falsely associating themselves with a government office or credit bureau or using false threats of imprisonment or criminal charges.

What to Do if a Debt Collector Violates the Act

- Keep a detailed record of any communication you have with the debt collector, including time, date, and the name of the person with whom you spoke.
- Keep a copy of all written correspondence between you and the debt collector.
- Report the company in writing. Send the report to:

Arkansas Debt Collection Board
523 S. Louisiana, Suite 460
Little Rock, AR 72201

OR

Federal Trade Commission
Correspondence Branch
600 Pennsylvania, N.W.
Washington, D.C. 20580

Depending on the conduct of the debt collector, you may have a private cause of action. You may want to consider talking with an attorney to discuss your options.

Identity Theft

Identity theft, or the stealing of another person's identity, has become a more frequent and frightening problem for consumers. It can affect your bank accounts, mobile phone service, and most often, your credit accounts. Identity theft starts through the theft of credit-card numbers, driver's license numbers, ATM cards, Social Security Numbers, telephone calling cards, and other key pieces of an individual's identity.

If you believe you may be a victim of identity theft, one of the first things you should do is contact the three major credit bureaus, Equifax, Experian, and TransUnion. Send a copy of your police report on the incident along with your letter. The Attorney General's Office has provided sample letters below:

Sample Dispute Letter to Credit Bureau

Date

Your Name

Your Address

Your City, State Zip Code

Complaint Department

Name of Credit Bureau

Address

City, State Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are circled on the attached copy of the report I received. (Identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.)

I am a victim of identity theft and did not make the charge(s). I am requesting that the item(s) be blocked to correct my credit report.

Enclosed are copies of _____
(use this sentence if applicable and describe any enclosed documentation) supporting my position. Please investigate this (these) matter(s) and block the disputed item(s) as soon as possible.

Sincerely,

Your name

Enclosure: (List what you are enclosing, i.e. police report)

Sample Dispute Letter to Creditor

Date

Your Name

Your Address

Your City, State Zip Code

Your Account Number

Name of Creditor

Billing Inquiries

Address

City, State Zip Code

Dear Sir or Madam:

I am writing to dispute a fraudulent (charge or debit) attributed to my account in the amount of \$_____. I am a victim of identity theft, and I did not make this (charge or debit). I am requesting that the (charge be removed or the debit reinstated), that any finance and other charges related to the fraudulent amount be credited as well, and that I receive an accurate statement.

Enclosed are copies of (use this sentence to describe any enclosed information, such as police report) supporting my position. Please investigate this matter and correct the fraudulent (charge or debit) as soon as possible.

Sincerely,

Your Name

Enclosures: (List what you are enclosing.)

Donating to a charity can be a rewarding experience. However, if you're not careful, you could fall victim to one of the most contemptible forms of fraud. Many scam artists pose as charitable fundraisers in order to get your money. Even legitimate fundraisers should be asked the right questions to ensure that you understand where your money is going.



Paid Fundraisers

Some legitimate charities pay professional fundraisers to handle large-scale mailings, telephone drives, and other solicitations rather than their own paid staff or volunteers. Professional fundraisers are in business to make money and can legally keep a portion of the money they collect. If you're solicited for a donation, ask if the caller is a paid fundraiser and what percentage of your donation the fundraiser will keep. If you're not comfortable with the amount, you may decide to consider other options for donating.

Get the Facts

There are several things to keep in mind when considering donating to a charitable organization. If you follow these guidelines, you'll have a better chance of helping a worthy charity and avoiding a scam.

- Ask for written information, including the charity's name, address, and telephone number, as well as how your donation will be distributed.
- Watch out for similar-sounding names. Some phony charities use names that closely resemble those of legitimate organizations.



- Know the difference between “tax-exempt” and “tax-deductible.” Tax-exempt means the organization doesn’t have to pay taxes. Tax-deductible means you can deduct your contribution from your federal income-tax return. Even though an organization is tax-exempt, your contribution may not be tax-deductible.
- Beware of organizations that use meaningless terms to suggest they are tax-exempt charities. For example, the fact that an organization has a “tax I.D. number” doesn’t mean it is a charity.
- Be wary of guaranteed sweepstakes winnings in exchange for a contribution. You should never have to donate anything to be eligible to win.
- Avoid cash gifts that can be lost or stolen. For security and tax-record purposes, it’s best to pay by check.

If you want to be truly safe, simply decline all pitches from unfamiliar charities. There are always charities in your area that need donations. Contact one of them directly and ask how you can help.

Work-at-home Schemes

If you're in need of some extra money but can't work outside the home due to any number of reasons, "work-at-home" ads can seem very attractive. Unfortunately, these "opportunities" are frequently schemes that take advantage of low-income or disabled persons.

These schemes all have one thing in common: something must be purchased before work can begin. Before getting involved in a work-at-home project, here are a few things to consider.

- Be skeptical about claims regarding income potential in work-at-home ads. Envelope stuffing is the most common work-at-home scheme. Promoters usually advertise that, for a small fee, they will tell you how to earn money by stuffing envelopes. However, the consumer usually only receives a list of businesses to contact about job opportunities.
- Assembly work or craft work often requires the investment of hundreds of dollars in equipment and supplies, as well as many hours of time to produce goods for a company that has promised to buy them.
- Investigate companies you want to deal with by checking with consumer protection agencies and the Better Business Bureau in the area where the business is located.



**Tear out
and keep
this card
near your
phone.**

**If you feel you've been a victim of
consumer fraud, call the Attorney
General's Office immediately.**

**Office of Arkansas Attorney General
Mike Beebe**

Consumer Protection Division
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Little Rock, AR 72201-2610
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